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November 25, 1991



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RSPA-98-4868-38

Dockets Unit, Room 8417  
Research and Special Programs Administration  
U.S. Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

Subject: Gas Gathering Line Definition [Docket No. PS-122,  
Notice 1] - Proposed Rule

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Dear Sir

In response to your notice published in the Federal Register (56 FR 48505) of September 25, 1991, the Interstate Natural Gas Association of America (INGAA) wishes to provide the following comments concerning the referenced proposed rule.

INGAA is a non-profit national trade association representing virtually all interstate natural gas transmission pipeline companies operating in the United States and interprovincial pipelines operating in Canada. INGAA's members operate over 200,000 miles of pipelines and related facilities and account for over 90 percent of all natural gas transported and sold in interstate commerce. These pipelines are designed, constructed, operated and maintained in accordance with the Safety Regulations prescribed in 49 CFR Part 192, issued under the authority of the Natural Gas Pipeline Safety Act of 1968 (49 USC 1671, et seq.). Therefore, our members have a vital interest in rulemaking activities such as this one.

INGAA must once again take the position it has espoused on this subject-RSPA has ~~again~~ failed to demonstrate that any safety problem exists requiring this action. Further, RSPA has failed to show any pipeline safety benefit to be gained by this rulemaking. The present definition of gathering lines for safety purposes has proven to be one well understood by our industry: therefore, we do not understand RSPA's contention that federal and state enforcement personnel need clearer guidance. The purpose of the pipeline safety regulations are to establish minimum standards for pipeline safety. This proposal to change the definition of gathering lines does not in any way improve or increase the level of safety of these pipelines and RSPA has failed to substantiate in any way that it would do so.

The problem described ~~in~~ the background information of this NPRM has nothing to do with safety, but rather with the refusal of some state agencies or regional office inspectors to accept the present definition which has served very well for over 20 years. Gathering lines in rural areas present no **safety** problem. Gathering lines in populated areas must be designed, installed, tested, operated and maintained under **RSPA's** 49 CFR 192. It should also be noted that the Act (49 USC Appx. **1671(3)**) permits the Secretary to **define** "any similar populated area" as non-rural if a need exists to protect public safety.

In developing its proposed definition, **INGAA** believes that RSPA should have stayed substantially closer to the definition proposed by **INGAA** and the American Petroleum Institute. That definition represented an industry consensus and was more oriented to functionality. It was, therefore, more readily identifiable with the proper safety concerns of RSPA and would create minimal impact on the industry. We could find nothing related to enhancing the safe installation and operation of pipelines in the "SUPPLEMENTARY INFORMATION" to support deviating as significantly as RSPA did from that proposed definition.

INGAA recognizes that the Act, as originally developed, contains the reference to pipelines under the jurisdiction of the Federal Power Commission, now the Federal Energy Regulatory Commission (FERC). Since then, however, a series of FERC Orders and several court cases have muddled the waters to the point that there is no clear "bright-line" FERC definition for jurisdictional pipelines. FERC determines its jurisdiction on a case-by-case basis. The classifications made by the FERC are not just made regarding function, but with regard to rate impact and impact on competition. Currently the Commission has taken the position that some gathering lines owned by ~~interstate~~ pipelines are **jurisdictional simply because they are owned** by interstate companies. The 10th Circuit (Northwest Pipeline Corporation v. Federal Energy Regulatory Commission, 905 **F.2d** 1403 (10 Cir. 1990)) has remanded this reasoning to FERC, and to date, FERC has not responded. On the other hand, the 8th Circuit (Northern Natural Gas Company v. FERC, 943 **F.2d** 1219 (8th Cir. 1991)) has upheld FERC rate-making authority over gathering lines because of the effect of unregulated rates on the "open access" policy of the Commission. It is obvious that functional classification for safety purposes under the Act is not the same test the FERC uses for rate purposes.

Our members have a significant number of miles of pipeline that are classified as gathering lines under DOT and transmission pipelines under the FERC. If these pipelines are excluded by this NPRM, these pipelines will have to be reclassified as

transmission lines under DOT. There is no reason that these pipelines should be excluded from remaining classified as gathering lines under DOT. The function of the **definition** of gathering lines, under FERC and DOT, serves two entirely different purposes. Therefore, INGAA recommends that the exclusion for FERC jurisdictional pipelines in proposed §192.3(4)(iii) be deleted.

Under the Impact Assessment of the NPRM, RSPA states that 'If there are any pipelines that are **re-classified** as transmission pipelines, those lines would only be subject to the operating and maintenance requirements and RSPA will assist the pipeline operator in overcoming any problems encountered in complying with those regulations" (underline added for emphasis). The fundamental requirement in the operating requirements of a pipeline is the establishment of the maximum allowable operating pressure (MAOP). In order to do this, 49 CFR 192.619 under Subpart L - Operations must be used, '(a) Except as provided in paragraph (c) of this section, no person may operate a segment of steel or plastic pipeline at a pressure that exceeds the lowest of the following:

- (1) The design pressure of the weakest element in the segment, determined in accordance with Subparts C and D of the part." (underline added for emphasis)

In order to establish the MAOP of gathering pipelines reclassified as transmission lines, operators will have to meet the requirements in Subpart L - Operations (§192.619), which requires the weakest element be identified in accordance with Subpart C - Design and Subpart D - Design of Pipeline Components, unless RSPA writes rules for a "**grandfather** clause" such as the one now contained in §192.619(c). In reality, although RSPA says that the gathering pipelines **reclassified** as transmission lines would only be required to meet operations and maintenance rules, the establishment of MAOP would involve using design regulatory requirements. Under Impact Assessment of this NPRM the statement "...RSPA will assist the pipeline operators in overcoming any problems encountered in complying with those regulations" is not understood unless RSPA plans to include provisions in the final rule that will address these problems or provide a specific 'grandfather" exclusion as was done **when** Part 192 was initially promulgated.

Furthermore, all gathering lines that would be reclassified as transmission lines as a result of the proposed gathering line definition will be subjected to the conversion to service provisions contained in 9192.14. This conversion to service will require that all affected pipelines must be pressure tested in accordance with Subpart J to

substantiate the MAOP permitted by Subpart **L**, as stated above, reference Subpart C • Design and Subpart D • Design of Pipeline Components. This again raises the question on how the **MAOP** will be established because 5192.619 in Subpart L must be applied. The cost estimates in these comments will assume that the MAOP can be established by the **pressure** tests when the conversion to **service** (5192.14) is applied to those pipelines that will have to be reclassified from gathering lines to transmission lines as a result of this NPRM.

**Extensive conversion** to service under **§192.14** is anticipated due to two significant provisions in the proposed definition. They are (1) the exclusion from the definition of gathering line any pipeline facility subject to FERC jurisdiction under the Natural Gas Act discussed above and (2) the gathering pipeline end point determination. With respect to the second provision of concern, the end point of a gathering line would be (1) the inlet of a gas processing plant. If there is no gas processing plant, the gathering line end point would be (2) the point of custody transfer, or (3) commingling in the production field. If this wording prevails in a final rule, the predominate end point of gathering lines will be the 'custody transfer' which will normally be at, or near, the **wellhead** in the absence of a gas processing plant.

To put the problem created by these two provisions in perspective, we will address the three specific questions posed at the bottom of the middle column of page 48509.

#### **Question 1**

**How many miles of pipelines currently classified as gathering lines would have to be reclassified as transmission lines?**

**Answer:** The companies responding to **INGAA** estimate that over 14,000 miles would be reclassified.

#### **Question 2**

**Have these pipelines been subject of dispute between the pipeline operator and state or federal enforcement?**

**Answer:** Our members are unaware of any disputes with federal pipeline enforcement representatives and only a single dispute with a state official over this definition. They are unable to explain the purported jurisdictional problem expressed in the NPRM by those **officials**. Clearly, if this is the primary reason for this **rulemaking**, then RSPA has no **basis** for causing a major financial impact on our members.

**Question 3**

**RSPA also seeks comments on any costs associated with reclassification?**

Answer: The companies responding to INGAA on this question estimate capital costs of over \$325 million and annual operating and maintenance costs of \$7.5 million.

The API/INGAA proposed **definition** provides four very clear options by placing "or" between each option and would result in minimal cost impact to the industry-the professed goal of this rulemaking. With a slight modification to that proposal, INGAA recommends that **RSPA** revise its proposed definition to read as follows:

Gathering **Line** means one or more segments of pipeline, usually **interconnected** to form a network, the primary function of which is to transport gas from one or more production facilities to the most downstream of:

(a) the inlet of a gas processing plant (excluding straddle plants):

**OR**

(b) the point of custody transfer of gas to a line which transports gas to a distribution center or a line within such a distribution center, a gas storage facility, or an industrial **consumer**;

**OR**

(c) the point of last commingling or gas from a single field or separate geographically proximate fields:

**OR**

(d) the outlet of a compressor station downstream of the point of last commingling described in (c) if compression **is** required for the gas to be introduced into another pipeline (underline added for emphasis).

If **RSPA** does not accept this industry developed clear and functional definition, then at a minimum, RSPA must do the following:

1. Add a new paragraph to **§192.14** to waive the application of **§192.14(a)(4)** to gathering lines being converted to transmission as a result of this proposed rule. Implementation of the new rules should treat any conversions the way the Act treated pipelines installed prior to November 1970 for establishing a maximum allowable operation pressure (**MAOP**).

Specifically, INGAA recommends that the MAOP be established for gathering lines converted to transmission lines under the rules established in Docket No. PS-122 as:

The highest actual operating pressure to which the segment was subjected during the five years preceding (the effective date of the rule) unless the segment was previously tested in accordance with paragraph **§192.619(a)(2)** or **uprated** in accordance with Subpart K of Part 192.

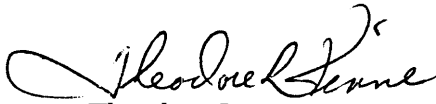
2. Delete proposed **§192.3(4)(iii)** pertaining to FERC jurisdictional pipelines. In our opinion, there is no correlation between **FERC's** need to define gathering line and **RSPA's** need. RSPA should consider requesting that the Pipeline Safety Act be revised to delete the reference to FERC **jurisdiction**.
3. Provide a definition for "processing plant".
4. Revise the sequence for determining the end point by reversing paragraphs (2) and (3).

Clearly, **RSPA's** proposed definition has strayed far from its intended purpose and would result in significant cost impact to our industry with no resulting safety benefits. INGAA strongly recommends that RSPA closely reevaluate its position and give serious consideration to the comments provided by **INGAA** and individual pipeline operators. We urge that RSPA ask itself 'Is this action really necessary to protect public safety?'

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We appreciate being given this opportunity to provide comments on this very important rulemaking.

Sincerely,

A handwritten signature in black ink, reading "Theodore L. Kinne". The signature is written in a cursive style with a large, looping initial "T".

Theodore L. Kinne  
Vice President  
Environment, Safety & Operations

TLK/jda

# GAS COMPANY OF NEW MEXICO

STEVEN C. EMRICK

Chief Engineer -- Gas Operations

November 25, 1991

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Dockets Unit, Room 84 17  
Research & Special Programs Administration  
U. S . Department of Transportation  
400 **Seventh** Street SW  
Washington D. C. 20590

10:20

RE: Docket PS-122, Notice 1

To Whom It May Concern:

Enclosed are comments on the above-referenced Notice of Proposed Rulemaking concerning gas gathering line definition as respectfully submitted by the Gas Company of New Mexico. We appreciate the opportunity to comment and have enclosed remarks and opinions based on our many years of experience in the natural gas industry. The Gas Company of New Mexico owns and operates gathering, processing, transmission, and distribution facilities throughout the state of New Mexico.

Our generalized response to this Proposal is that the DOT has the proper intent and is in pursuit of a most needed clarification in this area. The definitions as published appear basically sound, but we have enclosed comments to point out some situations that could still be a problem.

Thank you, again, for this opportunity to comment.

Sincerely,

*Steven C. Emrick*

SE:mt

Enclosure



BEFORE THE DEPARTMENT OF TRANSPORTATION  
OFFICE OF PIPELINE SAFETY

IN THE MATTER OF THE AMENDMENT OF	)	
49 CFR <b>PART</b> 192, PERTAINING TO THE	)	Docket No. PS-122;
GAS GATHERING LINE DEFINITION	)	Notice 1

COMMENTS OF GAS COMPANY OF NEW MEXICO  
IN THE NOTICE OF PROPOSED RULEMAKING

COMES NOW Gas Company of New Mexico, a division of Public Service Company of New Mexico, a New Mexico Corporation, and respectfully submits its comments in the above-referenced docket, as follows:

Gas Company of New Mexico ("**GCNM**" or "the Company") is the largest natural gas distribution utility operating in New Mexico. GCNM presently serves approximately **385,000** customers and has offices in 21 cities and towns throughout the state. In addition to its distribution operations, GCNM also purchases and/or gathers gas directly from 2,630 **wellhead** locations in the San Juan Basin of Northwest New Mexico and 122 **wellhead** locations in the Permian Basin of Southeast New Mexico. In addition to these locations, GCNM purchases gas from **several** hundred wells behind various delivery points. In its San Juan District, GCNM operates 668 miles of high pressure transmission lines and 1,462 miles of gathering lines for transporting natural gas from the producing fields to distribution locations in northwest and central New Mexico. In its Permian District, GCNM operates 510 miles of transmission lines and 276 miles of gathering lines which deliver gas to end-users in southeast New Mexico. Accordingly, GCNM has a profound interest in any implementation of regulations pertaining to natural gas gathering line definition. GCNM presents these comments in an effort to assist the

Office of **Pipeline** Safety (“OPS”) promulgate regulations which are fair, rational and reasonably necessary to insure the safe operation of natural gas pipelines.

GCNM submits its written comments in essentially two parts. First, GCNM will comment generally on the substantive provisions of the proposed amendments to the rule. Second, GCNM will respond to specific situations that OPS should consider for clear inclusion in the definitions.

OPS proposes to redefine Section 192.3 entitled “Definitions”. GCNM supports the action for clear definition of gathering lines, but feels that there are still some areas that need further consideration and possible clarification.

The majority of gathering systems channel into processing plants that would meet the definition under subparagraph (1). There are also some small gathering systems that intersect the transmission line downstream of the processing plants. Depending on the gas from these fields, there can be all or part of the following: a dehydrator, separator, and pigging facilities. Would this separation equipment prior to the compressor which involves the removal of liquified petroleum, gases, and water be considered a first natural gas processing plant?

**These** gathering systems meet the intent of the gathering system definition, yet could be interpreted as transmission facilities. Based on the NOPR discussion, it is clear that it is not the intent of this rule to consider these gathering systems as transmission facilities. These are generally in very rural areas, and in most cases, non-inhabitable areas.

The definitions of treatment and processing could provide an avenue for **clarification** in this area. Dehydration, separation, and pigging prior to compression does remove water (treatment) and liquified-hydrocarbon gases (processing).

**Additionally**, coal seam natural gas production is now emerging in the San Juan Basin, which is located in Northwest New Mexico and Southwest Colorado. This gas requires **de**-watering and carbon dioxide removal near the production point. This gas can then flow to the processing plant and be commingled with conventional gas gathering facilities interconnected along the way. This would put the gathering system between the two plants in question. This pipe would carry conventional gas containing liquified hydrocarbons and water (unprocessed gas), as well as pre-treated coal seam produced gas.

If a strict interpretation of the definitions were applied, without consideration for the intent of this regulation, then there could be different interpretations between operators and pipeline safety representatives. We ask that you further consider these situations and clarify.

Respectfully submitted,

GAS COMPANY OF NEW MEXICO

By Steven C. Emrick  
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cc: New Mexico State Corporation Commission,  
Office of Pipeline Safety